

Appendix 4E
Preliminary Final Report
Financial Year Ended 30 June 2007
(previous corresponding period is for the year ended 30 June 2006)

Results For Announcement To The Market

				\$A'000
Revenues from ordinary activities <i>(Appendix 4E Item 2.1)</i>	Up	2%	To	1,684
Net loss for the period attributable to members <i>(Appendix 4E item 2.2)</i>	Up	337%	To	(3,297)
Net loss from ordinary activities after tax attributable to members <i>(Appendix 4E item 2.3)</i>	Up	337%	To	(3,297)

Dividends/distributions <i>(Appendix 4E item 2.4)</i>	Amount per security	Franked Amount per security
Final dividend	Nil	Nil
Previous corresponding period	Nil	Nil

Record date for determining entitlements to dividends. <i>(Appendix 4E item 2.5)</i>	N/A
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Explanation of Result
(Appendix 4E item 2.6)

The Company incurred a loss after tax of to \$3,296,686 (2006 - loss of \$754,082). The loss is predominately attributable to the impairment of goodwill of \$2,473,958 from the termination of the COMAgEx Joint Venture. The Bendigo Stock Exchange will continue on as an exchange for small businesses and community enterprises.

Revenue increased by 2% from \$1,650,739 to \$1,684,460. Earnings per share (EPS) has declined from (1.53) cents per share to (6.67) cents per share.

Earnings per share (EPS) has fell from (1.53) cents per share to (6.67) cents per share. For further information on the results please read the NSX Limited 2007 Annual report.

Richard Symon
 Chief Executive Officer
 NSX Limited
 31 August 2007

NSX Limited
ABN: 33 089 447 058

Financial Statements

For the Year Ended 30 June 2007

NSX Limited

ABN: 33 089 447 058

For the Year Ended 30 June 2007

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NSX Limited

ABN: 33 089 447 058

Directors' Report For the Year Ended 30 June 2007

Your directors present their report on the Economic Entity and its controlled entities for the financial year ended .

Directors

The names of the directors in office at any time during, or since the end of, the year are:

Michael Andrew Cox

Ian Mansbridge

Hugh Walter Robertson

Richard Symon

Appointed 9/10/06

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

Mr Scott Francis Evans was appointed company secretary on 7 March 2006. Mr Evans has been General Manager of NSX since September 2001. Mr Evans has a B.Ec (hons) degree from Adelaide University and has previously worked for the Australian Stock Exchange as National Manager, Information Products and for Reuters PLC as Historical Database Manager, Asia. Mr Evans has extensive experience in the finance industry, in managing companies and reviewing NSX listed entities compliance with the listing rules. Mr Evans' responsibilities with the NSX also encompass finance, market surveillance, compliance, trading, settlement, technology and business operations.

Principal Activities

The principal activities of the Economic Entity during the financial year was the operation of a stock exchange.

No significant change in the nature of these activities occurred during the year.

Operating Results

The net loss of the Economic Entity for the financial year after providing for income tax amounted to \$3,296,686 (2006 - \$754,082).

Dividends Paid or Recommended

The directors do not recommend the payment of a dividend. No dividends have been paid or declared during or since the end of the financial year.

NSX Limited

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Directors' Report For the Year Ended 30 June 2007

Review of Operations

During the year the Economic Entity incurred a loss after tax of \$3,296,686 (2006 - loss of \$754,082). The loss is predominately attributable to the impairment of goodwill of \$2,473,958 from the termination of the COMAgEx Joint Venture. The Bendigo Stock Exchange will continue on as an exchange for small businesses and community enterprises.

Revenue increased by 2% from \$1,650,739 to \$1,684,460. Earnings per share (EPS) has declined from (1.53) cents per share to (6.67) cents per share.

Director Information

Information on Directors

Michael Andrew Cox	Director, Chief Executive Officer (to 9/10/2006)
Qualifications	FGAA
Appointed	13 October 2003
Experience	Mr Cox has a background in stockbroking and has acted as a corporate consultant in mergers and acquisitions. Mr Cox was formerly a director of other public companies including Benitec Limited and Queensland Opals Limited. Mr Cox is a fellow of the Gemmological Association of Australia (FGAA) and a member of the National Institute of Accountants.
Interest in Shares and Options	375,000 options 1,050,000 ordinary shares 750,000 partly paid \$1.00 shares paid to 1 cent
Directorships held in other listed entities	NIL
Ian Mansbridge	Chairman/Non-executive Director
Qualifications	(FCIM, CPA, FCIS, DCM)
Appointed	11 May 2005
Experience	Mr Mansbridge is Chair of Sandhurst Trustees Ltd, also Community Enterprise Foundation. He is on the boards of Australian Friendly Society, Elders Rural Bank, Sunstate Licensed Mortgage Insurance, Tasmanian Banking Services, Tasmanian Perpetual Trustees Ltd and Victorian Innovation Centre Ltd. He is a member of the Federal Government's Agricultural Finance Forum. Mr Mansbridge's career has included the positions of CEO/Managing Director of Elders Rural Bank, Sandhurst Trustees Ltd and National Mortgage Market Corporation also as a General Manager of Bendigo Bank Ltd.
Interest in Shares and Options	10,000 ordinary shares
Directorships held in other listed entities	Tasmanian Perpetual Trustees Limited

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Directors' Report For the Year Ended 30 June 2007

Hugh Walter Robertson Non-executive Director
Appointed 23 February 2006
Experience Mr Robertson has had 23 years experience in the securities industry and his positions have included acting as director of Falkiners Stockbroking Limited, Bell Potter Securities Limited and OAMPS Limited. In addition to his role as director of NSX Limited, Mr Robertson is also currently acting as director of Catalyst Recruitment Limited, Rattoon Limited and Wentworth Mutual Limited. Mr Robertson is a member of the Securities and Derivatives Industry Association (SDIA).

Interest in Shares and Options 500,000 ordinary shares

Directorships held in other listed entities Wentworth Mutual Limited
Rattoon Holdings Limited

Richard Symon Director, Chief Executive Officer (appointed 9/10/2006)
Qualifications FSIA
Appointed 9 October 2006
Experience Richard Symon was appointed CEO of NSX Ltd October 2006. Prior to joining NSX, he was the Founding CEO of Property Investment Association of Australia Ltd, managed the Stockbrokers' Mutual Reference Society Ltd and owned The Transcribers Pty Ltd. Since 1986, Richard has been involved in the capital markets in both public and private sectors. His career spans stockbroking, corporate advisory, capital management, initial public offerings (IPOs), mergers and acquisitions (M&A) as Executive Director, Prudential-Bache Securities.

Mr Symon has been involved in a number of start-up ventures. He is passionate about the future of small companies in Australia and the contribution of this sector to the economy. In 1997 he co-founded of an internet based stock broking company – Australian Stockbroking Ltd which was subsequently sold to PBL.

Mr Symon is a fellow member of Finsia and a member of the Association of Financial Services Educators and Founding Chair of the Financial Services Foundation – Charity.

Interest in Shares and Options 35,000 ordinary shares

Directorships held in other listed entities NIL

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Directors' Report For the Year Ended 30 June 2007

Meetings of Directors

During the financial year, 10 meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Special Meetings	
	Eligible to attend	Number attended	Eligible to attend	Number attended
Michael Andrew Cox	10	10	1	1
Ian Mansbridge	10	10	1	1
Hugh Walter Robertson	10	10	1	1
Richard Symon	8	8	1	1

There is no audit committee as the function is carried by the Board of Directors.

Directors' and Executive Officers' Emoluments

Remuneration Report

The remuneration for each director and each of the five executive officers of the Economic Entity receiving the highest remuneration, and the remuneration policy during the year is disclosed in Note 21 of the financial statements. Additional section 300A disclosures are tabled below.

As a listed company, NSX is obligated to disclose specific information in relation to the remuneration of its directors and staff. For convenience we have included a table, which identifies each obligation and NSX's response to each of these requirements.

Director Remuneration

Prior to this financial year Directors waived their fees.

Approved by shareholders at the AGM of 20th December 2004, the remuneration pool for non-executive directors is \$200,000 per annum. Of this pool the Chairman receives \$56,000 per annum and each non-executive director receives \$48,000 per annum. During the period Directors started receiving a Director Fee from 1st April 2007. All fees are inclusive of 9% superannuation. Director's fees are comprised of a fixed component only.

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Directors' Report For the Year Ended 30 June 2007

Directors' and Executive Officers' Emoluments (Cont'd)

Remuneration Report (Cont'd)

Managing Director and CEO performance awards

Short Term Incentive Plan

The CEO is entitled to a Short Term Incentive (STI) Plan which is determined by the Board. The target award opportunity will be equivalent to 30% of annual base pay, with a maximum award opportunity equivalent to 150% of the target award. Awards under the STI Plan will be considered at the end of the financial year and will be based upon the satisfaction of performance hurdles over that financial year. These hurdles will be set by the Board and will relate to both the financial performance of the Company and non-financial measures. Awards under the STI Plan are at the discretion of the Board and there is no guarantee of either a payment being made or a payment being made at any particular level. STI Plan will not be considered for superannuation purposes.

Long Term Incentive Plan

The Long Term Incentive (LTI) Plan is in the form of equity instruments with a fair value (as determined by AASB2) equivalent to 30% of the CEO's Base salary. The final quantum and detailed plan design is to be determined by the Board and will require approval by shareholders. The timing of any awards under the LTI Plan depends upon legal and corporate governance considerations affecting the Company.

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Directors' Report For the Year Ended 30 June 2007

Directors' and Executive Officers' Emoluments (Cont'd)

Compliance with section 300A Corporations Act 2001 (Cth) – Annual Directors Report

Section	Obligation	Discussion
300A(1)(a)(i)	A discussion of board policy for determining, or in relation to, the nature and amount (or value, as appropriate) of remuneration of directors, secretaries and senior managers of the company; and	<p>The annual report outlines board policy with respect to the nature and amount of director, secretaries and senior manager remuneration.</p> <p>Under the Board Charter, the NSX board retains ultimate responsibility for the remuneration of directors, executives, senior management, and employees. It is the policy of the board that remuneration be intended to create and enhance shareholder wealth. This involves ensuring that individual remuneration is set by reference to a calculus of factors including: market remuneration levels, the nature of the role and duties performed, the skill set of the individual and the significance of their role within the NSX corporate group. Currently, remuneration is reviewed annually to ensure continued support of the commercial and regulatory interests of the exchange and its shareholders."</p>
300A(1)(a)(i)	If consolidated financial statements are required – board policy in relation to the nature and amount (or value, as appropriate) of remuneration of other group executives for the consolidated entity; and	The board policy with respect to NSX entity directors, secretaries and senior managers also applies to subsidiary entities.
300A(1)(b)	A discussion of the relationship between such policy and the company's performance; and	Except for the Chief Executive Officer, currently all director, secretary and senior manager remuneration is fixed and does not contain performance components. The performance component for the CEO's remuneration is comprised of short term (STI) and long term incentive (LTI) arrangements as discussed above.
300A(1)(c)	<p>The prescribed details in relation to the remuneration of:</p> <p>(i) each director of the company; and (ii) each of the 5 names company executives who received the highest remuneration for that year; and</p> <p>if consolidated financial statements are required – each of the 5 named relevant group executives who received the highest remuneration for that year; and</p>	<p>The annual report contains details of the remuneration of each directors' and each of the top 5 highest grossing executives for this reporting period. Refer Note 21.</p> <p>The CEO's remuneration is linked to all aspects of the business, including but not limited to, key performance indicators negotiated with the Chairman and approved by the Board.</p>

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Directors' Report For the Year Ended 30 June 2007

Directors' and Executive Officers' Emoluments (Cont'd)

Compliance with section 300A Corporations Act 2001 (Cth) – Annual Directors Report (Cont'd)

	Obligation	Discussion
300A(1)(d)	If an element of the remuneration of a persons referred to in paragraph (c) consists of securities of a body and that element is not dependent on the satisfaction of a performance condition – an explanation of why that element of the remuneration is not dependent on the satisfaction of an performance condition; and	Securities were not a component for remunerating directors and or executives for this reporting period.
300A(1)(e)	For each person referred to in paragraph (c).	No options or shares were granted as part of directors, secretaries and senior manager's remuneration during this period. Refer Note 21.
300A(1)(f)	Without limiting paragraph (1)(b), the discussion under that paragraph of the company's performance must specifically deal with: (a) the company's earnings; and (b) the consequences of the company's performance on shareholder wealth; in the financial year to which the report relates and in the previous 4 financial years.	The Directors' Report and accompanying report provides details of these issues
300A(1AB)	In determining, for the purposes of subsection (1AA), the consequences of the company's performance on shareholder wealth in a financial year, have regard to: (a) dividends paid by the company to its shareholders during that year; and (b) changes in the price at which shares in the company are traded between the beginning and the end of that year; and (c) any return of capital by the company to its shareholders during that year that involves: (i) the cancellation of shares in the company; and (ii) a payment to the holders of those shares that exceeds the price at which shares in that class are being traded at the time when the shares are cancelled; and (d) any other relevant matter.	(a) No dividends have been paid by the company to date. (b) The company has been a listed entity since 13th January 2005 over which time the share price of the company has fluctuated between a high of \$1.10 and a low of \$0.38. As at 22 August 2007 the share price was \$0.42. There has been no bonus payments based on share price movements. (c)(i) Not applicable (c)(ii) Not applicable (d) Not applicable
300A(1A)	The material referred to in subsection (1) must be included in the directors' report under the heading "Remuneration report".	A remuneration report segment is included in the Directors Report. Refer to discussion above and also to Note 21.

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Directors' Report For the Year Ended 30 June 2007

Financial Position

The net assets of the Economic Entity have decreased by \$ 3,301,686 from 30 June 2006 to \$ 10,451,428 in 2007. The decrease has resulted from the loss for the year of \$ 3,296,686.

Significant Changes in State of Affairs

No significant changes in the Economic Entity's state of affairs occurred during the financial year.

After Balance Date Events

NSX Limited is currently in negotiations for the proposed acquisition of The Waterexchange Pty Ltd, Australia's largest independent water market operator. Both Boards have agreed to recommend to their respective shareholders the acquisition of The Waterexchange by NSX for a total of \$10.75 million, to be satisfied by the issues of 25 million NSX shares at 43 cents.

Future Developments

Likely developments in the operations of the Economic Entity and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Economic Entity.

Environmental Issues

The Economic Entity's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or State. The directors are not aware of any significant material environmental issues arising from the operations of the economic entity during the year.

Non-audit services

The board of directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non audit services are reviewed and approved by the board of directors prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence as set out in the Institute of Chartered Accountants in Australia and CPA Australia's Professional Statement F1: Professional Independence.

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Directors' Report For the Year Ended 30 June 2007

Non-audit services (Cont'd)

The following fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2007:

	2007
	\$
Tax advice - Employee Share Scheme	7,500
Tax advice - Employee Agreement	2,260
Information Technology	960
Taxation Services - 2007 FBT Return	1,359
	<hr/>
	12,079
	<hr/>

Auditors Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out at page 11.

Indemnifying Officers or Auditors

The Economic Entity has paid a premium to indemnify the directors and officers of the economic entity against liability incurred in their capacity of directors and officers.

Options

At the date of this report, the unissued ordinary shares of NSX Limited under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
25/8/2004	25/08/2008	0.35	180,000
12/11/2004	20/12/2009	0.50	105,000
20/12/2004	20/12/2009	0.50	1,395,000
			<hr/>
			1,680,000
			<hr/> <hr/>

During the year ended 30 June 2007, no ordinary shares of NSX Limited were issued on the exercise of options.

NSX Limited

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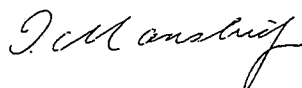
**Directors' Report
For the Year Ended 30 June 2007**

Proceedings on Behalf of Company

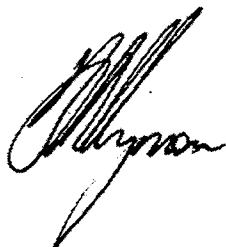
No person has applied for leave of Court to bring proceedings on behalf of the Economic Entity or intervene in any proceedings to which the Economic Entity is a party for the purpose of taking responsibility on behalf of the Economic Entity for all or any part of those proceedings.

The Economic Entity was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the Board of Directors:



.....
Ian Mansbridge



.....
Richard Symon

Dated: 31 August 2007

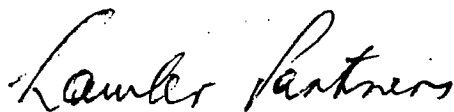
Newcastle

**NSX LIMITED
ABN 33 089 447 058
AND CONTROLLED ENTITIES**

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001 TO THE DIRECTORS OF
NSX LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2007 there have been:

- i) no contraventions of the auditor's independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.



LAWLER PARTNERS
Chartered Accountants

Newcastle

Date: 31 August 2007



TERENCE H LAWLER
Partner

Sydney

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NSX Limited

ABN: 33 089 447 058

Income Statement For the Year Ended 30 June 2007

	Note	Consolidated		Parent	
		2007 \$	2006 \$	2007 \$	2006 \$
Revenue	2	1,684,460	1,650,739	584,971	615,671
Employee benefits expense		(988,650)	(1,017,008)	(181)	(704)
Depreciation, amortisation and impairments	3	(154,756)	(58,309)	-	-
Consultancy expenses		(175,786)	(265,327)	-	(118,996)
Compliance expenses		(49,570)	(43,502)	-	-
Legal expenses		(14,373)	(51,161)	-	(8,432)
Market trading expenses		(520,168)	(509,595)	-	-
Marketing and promotion		(97,253)	(16,253)	(29,479)	(8,167)
Service fee expense		-	-	(590,647)	(228,486)
Rental expenses	3	(77,303)	(43,280)	-	-
Administration expenses		(263,163)	(191,993)	(55,704)	(110,280)
Impairment losses	3	(2,473,958)	-	-	-
Other expenses		(166,163)	(208,328)	(57,564)	(103,855)
Finance costs	3	(3)	(65)	-	-
Loss before income tax		(3,296,686)	(754,082)	(148,604)	36,751
Income tax expense	5	-	-	-	-
Loss attributable to members		(3,296,686)	(754,082)	(148,604)	36,751
Earnings Per Share:					
Basic earnings per share (cents per share)	29	(6.67)	(1.53)	-	-
Diluted earnings per share (cents per share)	29	(6.67)	(1.53)	-	-

The accompanying notes form part of these financial statements.

NSX Limited

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Balance Sheet As At 30 June 2007

Note	Consolidated		Parent		
	2007 \$	2006 \$	2007 \$	2006 \$	
ASSETS					
Current assets					
Cash and cash equivalents	7	576,542	779,694	343,742	514,332
Trade and other receivables	8	88,347	76,575	1,785,205	941,086
Financial assets	9	9,500,000	10,315,000	8,800,000	9,615,000
Other current assets	10	35,102	25,936	-	19,526
Total current assets		10,199,991	11,197,205	10,928,947	11,089,944
Non-current assets					
Financial assets	9	-	-	3,541,735	3,541,735
Property, plant and equipment	11	187,497	160,704	-	-
Intangible assets	12	411,322	2,885,280	-	-
Total non-current assets		598,819	3,045,984	3,541,735	3,541,735
TOTAL ASSETS		10,798,810	14,243,189	14,470,682	14,631,679
LIABILITIES					
Current liabilities					
Trade and other payables	14	287,995	432,534	209,384	221,777
Short-term borrowings	15	8	3,816	-	-
Short-term provisions	16	55,308	54,654	-	-
Total current liabilities		343,311	491,004	209,384	221,777
TOTAL LIABILITIES		343,311	491,004	209,384	221,777
NET ASSETS		10,455,499	13,752,185	14,261,298	14,409,902
EQUITY					
Issued capital	17	20,255,596	20,255,596	20,255,596	20,255,596
Retained earnings		(9,800,097)	(6,503,411)	(5,994,298)	(5,845,694)
TOTAL EQUITY		10,455,499	13,752,185	14,261,298	14,409,902

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity For the Year Ended 30 June 2007

Consolidated

	Ordinary Shares	Retained Earnings	Total
	\$	\$	\$
Balance at 1 July 2006	20,255,596	(6,503,411)	13,752,185
Loss for the year	-	(3,296,686)	(3,296,686)
Balance at 30 June 2007	20,255,596	(9,800,097)	10,455,499
Balance at 1 July 2005	20,241,596	(5,749,329)	14,492,267
Loss for the year	-	(754,082)	(754,082)
Shares issued during the year	14,000	-	14,000
Balance at 30 June 2006	20,255,596	(6,503,411)	13,752,185

Parent

	Ordinary Shares	Retained Earnings	Total
	\$	\$	\$
Balance at 1 July 2006	20,255,596	(5,845,694)	14,409,902
Loss for the year	-	(153,604)	(153,604)
Balance at 30 June 2007	20,255,596	(5,999,298)	14,256,298
Balance at 1 July 2005	20,241,596	(5,882,445)	14,359,151
Profit for the year	-	36,751	36,751
Shares issued during the year	14,000	-	14,000
Balance at 30 June 2006	20,255,596	(5,845,694)	14,409,902

The accompanying notes form part of these financial statements.

NSX Limited

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Cash Flow Statement For the Year Ended 30 June 2007

Note	Consolidated		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
Cash from operating activities:				
Receipts from customers	1,195,490	1,213,181	(2,851)	28,322
Payments to suppliers and employees	(2,670,302)	(2,258,883)	(730,560)	(348,170)
Interest received	642,019	564,651	584,971	511,100
Finance costs	(3)	(65)	-	-
Net cash provided by (used in) operating activities	(832,796)	(481,116)	(148,440)	191,252
20(a)				
Cash flows from investing activities:				
Proceeds from sale of plant and equipment	-	414	-	-
Proceeds from investment	815,000	985,081	815,000	885,000
Acquisition of property, plant and equipment	(181,549)	(116,825)	-	-
Loans to related parties - payments made	-	-	(837,150)	(760,788)
Net cash provided by (used in) investing activities	633,451	868,670	(22,150)	124,212
Cash flows from financing activities:				
Proceeds from issue of shares	-	14,000	-	14,000
Repayment of borrowings	(3,807)	(10,892)	-	-
Net cash provided by (used in) financing activities	(3,807)	3,108	-	14,000
Net increase (decreases) in cash held	(203,152)	390,662	(170,590)	329,464
Cash at beginning of financial year	779,694	389,032	514,332	184,868
Cash at end of financial year	576,542	779,694	343,742	514,332
7				

The accompanying notes form part of these financial statements.

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Year Ended 30 June 2007

Note 1 Statement of Significant Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers the economic entity of NSX Limited as an individual parent entity and NSX Limited and the controlled entities as an economic entity. NSX Limited is a Economic Entity limited by shares, incorporated and domiciled in Australia

The financial report of NSX Limited and the controlled entity and NSX Limited as an individual parent entity complies with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the Economic Entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of Preparation

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

(b) Principals of Consolidation

A controlled entity is an entity NSX Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 13 to the financial statements. All controlled entities have a June financial year-end.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

(c) Income Tax

Current Income Tax expense

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred income tax assets

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

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Notes to the Financial Statements For the Year Ended 30 June 2007

Note 1 Statement of Significant Accounting Policies (Cont'd)

(c) Income Tax (Cont'd)

Accounting for deferred tax

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax calculation

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

The economic entity is a tax consolidation group. At the time of signing these accounts there are no formal tax sharing agreements in place.

(d) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amounts of all fixed assets are depreciated on a diminishing value basis over their useful lives to the Economic Entity commencing from the time the asset is held ready for use.

Depreciation rates

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and Equipment	20 - 40%

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Notes to the Financial Statements For the Year Ended 30 June 2007

Note 1 Statement of Significant Accounting Policies (Cont'd)

(e) Intangibles

Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(f) Leases

i Finance leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, that are transferred to the Economic Entity are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Operating leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(g) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

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Notes to the Financial Statements For the Year Ended 30 June 2007

Note 1 Statement of Significant Accounting Policies (Cont'd)

(g) Financial Instruments (Cont'd)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the Economic Entity's intention to hold these investments to maturity. Any held-to-maturity investments held by the Economic Entity are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Economic Entity assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the income statement.

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Notes to the Financial Statements For the Year Ended 30 June 2007

Note 1 Statement of Significant Accounting Policies (Cont'd)

(h) Impairment of Assets

At each reporting date, the Economic Entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Economic Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(i) Employee Benefits

Provision is made for the Economic Entity's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the Economic Entity to an employee superannuation fund and are charged as expenses when incurred.

(j) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

Due to the significance of their amount in addition to the expected working capital requirements of the economic entity, commercial bills are regarded as investing activities and not included in the cash balance for the purpose of the Cash Flow Statement.

(k) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of services is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

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Notes to the Financial Statements For the Year Ended 30 June 2007

Note 1 Statement of Significant Accounting Policies (Cont'd)

(l) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(m) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

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Notes to the Financial Statements For the Year Ended 30 June 2007

Note 2 Revenue

	Consolidated		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
Operating activities				
- listing fees	735,441	680,964	-	-
- interest received - other persons	642,019	564,650	584,971	511,100
- taxi licence market income	302,160	300,000	-	-
- other revenue	4,840	105,125	-	104,571
Total Revenue	<u>1,684,460</u>	<u>1,650,739</u>	<u>584,971</u>	<u>615,671</u>

Note 3 Profit from Ordinary Activities

(a) Expenses

Finance Costs:

director related entity	3	65	-	-
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Write down of goodwill to recoverable amount

	2,473,958	-	-	-
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Depreciation, amortisation and impairments

	154,756	58,309	-	-
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(b) Revenue and Net Gains

Net gains on disposal of property, plant and equipment

	-	145	-	-
--	---	-----	---	---

Note 4 Auditors' Remuneration

- Auditing and reviewing the financial report	73,000	70,000	-	-
- Taxation services	12,079	17,008	-	-
	<u>85,079</u>	<u>87,008</u>	-	-

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Notes to the Financial Statements For the Year Ended 30 June 2007

	Consolidated		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
Note 5 Income Tax Expense				
(a) The prima facie tax payable on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:				
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2006: 30%)	(990,506)	(226,225)	(46,081)	11,025
Add:				
Tax effect of:				
- tax losses not recognised in the accounts	990,506	226,225	46,081	-
Less:				
Tax effect of:				
- recoupment of tax losses	-	-	-	(11,025)
Income tax attributable to entity	-	-	-	-
Tax losses not brought to account, the benefits will only be realised if the conditions for deductibility set out in Note 1(c) occur.	1,840,240	849,734	85,295	39,214
Note 6 Dividends				
Balance of franking account at period end adjusted for franking credits arising from:				
Payment of provision for income tax	86,495	86,495	86,495	86,495
Note 7 Cash and Cash Equivalents				
Cash at bank	576,542	779,694	343,742	514,332

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Notes to the Financial Statements For the Year Ended 30 June 2007

	Consolidated		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
Note 8 Trade and Other Receivables				
CURRENT				
Trade receivables	30,218	12,873	-	-
Sundry debtors	56,362	63,702	22,862	20,011
Receivable from controlled entities	-	-	1,762,343	921,075
Other receivables	1,767	-	-	-
	<u>88,347</u>	<u>76,575</u>	<u>1,785,205</u>	<u>941,086</u>
Note 9 Financial Assets				
CURRENT				
Commercial bills - at amortised cost	9,500,000	10,315,000	8,800,000	9,615,000
NON-CURRENT				
Shares in controlled entities - at cost	-	-	7,651,346	7,651,346
Less: provision for diminution	-	-	(4,109,611)	(4,109,611)
	<u>-</u>	<u>-</u>	<u>3,541,735</u>	<u>3,541,735</u>
Note 10 Other Assets				
CURRENT				
Prepayments	35,102	25,936	-	19,526
Note 11 Property Plant and Equipment				
PLANT AND EQUIPMENT				
Plant and equipment - at cost	632,803	451,254	-	-
Less accumulated depreciation	(445,306)	(290,550)	-	-
Total plant and equipment	<u>187,497</u>	<u>160,704</u>	<u>-</u>	<u>-</u>

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Notes to the Financial Statements For the Year Ended 30 June 2007

Note 11 Property Plant and Equipment (Cont'd)

(a) Movements in Carrying Amounts

Consolidated

	Plant and Equipment	Total
	\$	\$
Balance at the beginning of year	160,704	160,704
Additions	181,549	181,549
Depreciation and amortisation expense	(154,756)	(154,756)
Carrying amount at the end of year	<u>187,497</u>	<u>187,497</u>

Note 12 Intangible Assets

	Consolidated		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
Goodwill - at cost	5,572,842	5,572,842	-	-
Accumulated impairment losses	(5,161,520)	(2,687,562)	-	-
	<u>411,322</u>	<u>2,885,280</u>	<u>-</u>	<u>-</u>

(a) Reconciliation of movements

	Consolidated	
	Goodwill	Total
	\$	\$
Year ended 30 June 2006		
Opening balance	2,885,280	2,885,280
Movement for the year	-	-
Balance at 30 June 2006	<u>2,885,280</u>	<u>2,885,280</u>
Year ended 30 June 2007		
Opening balance	2,885,280	2,885,280
Impairment losses	(2,473,958)	(2,473,958)
Balance at 30 June 2007	<u>411,322</u>	<u>411,322</u>

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Notes to the Financial Statements For the Year Ended 30 June 2007

	Consolidated		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
Note 13	Controlled Entities			
		Country of incorporation	Percentage Owned 2007	Percentage Owned 2006
Name				
Parent Entity:				
NSX Limited		Australia		
Subsidiaries of NSX Limited:				
National Stock Exchange of Australia Limited		Australia	100%	100%
BSX Group Holdings Limited		Australia	100%	100%
NSX Services Pty Limited		Australia	100%	100%
Subsidiaries of National Stock Exchange of Australia Limited:				
NSX Clearing Nominees Pty Limited		Australia	100%	100%
Subsidiaries of BSX Group Holdings Limited				
Bendigo Stock Exchange Limited		Australia	100%	100%
BSX Services Pty Limited		Australia	100%	100%
BSX Systems Pty Limited		Australia	100%	100%

Note 14 Trade and Other Payables

CURRENT

Unsecured liabilities				
Trade payables	39,054	151,742	300	300
Sundry payables	140,589	159,540	41,389	45,000
Amounts payable to wholly owned subsidiaries	-	-	59,343	55,225
Interest received in advance	108,352	121,252	108,352	121,252
	287,995	432,534	209,384	221,777

Note 15 Borrowings

CURRENT

Secured liabilities				
Finance lease obligation	18(a)	8	3,816	-

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Notes to the Financial Statements For the Year Ended 30 June 2007

Consolidated		Parent	
2007	2006	2007	2006
\$	\$	\$	\$

Note 16 Provisions

(a) Movement in carrying amounts

Consolidated

	Employee entitlements	Total
	\$	\$
Opening balance at 1 July 2006	54,654	54,654
Additional provisions	36,228	36,228
Amounts used	(35,574)	(35,574)
Balance at 30 June 2007	<u>55,308</u>	<u>55,308</u>

(b) Analysis of Total Provisions

Current	55,308	54,654	-	-
Non-current	-	-	-	-
	<u>55,308</u>	<u>54,654</u>	<u>-</u>	<u>-</u>

Note 17 Issued Capital

49,460,003 (2006: 49,460,003) fully paid ordinary shares	20,240,596	20,240,596	20,240,596	20,240,596
1,500,000 (2006: 1,500,000) ordinary shares paid to 1 cent	15,000	15,000	15,000	15,000
	<u>20,255,596</u>	<u>20,255,596</u>	<u>20,255,596</u>	<u>20,255,596</u>

Ordinary shares participate in dividends and the proceeds on winding up of the Economic Entity in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

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Notes to the Financial Statements For the Year Ended 30 June 2007

Consolidated		Parent	
2007	2006	2007	2006
\$	\$	\$	\$

Note 18 Capital and Leasing Commitments

(a) Finance Lease Commitments

Payable - minimum lease payments				
- no later than 12 months	8	3,908	-	-
Minimum lease payments	8	3,908	-	-
Less future finance changes	-	(92)	-	-
Present value of minimum lease payments	15	3,816	-	-

The finance lease is a computer lease with Bendigo Bank Ltd.

(b) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

Payable - minimum lease payments				
- not later than 12 months	111,000	35,000	-	-
- between 12 months and 5 years	450,000	40,833	-	-
	561,000	75,833	-	-

The property lease for the Newcastle premises is a non-cancellable lease with a three-year term, with rent payable monthly in advance. The lease commenced in September 2005. The current lease expires in August 2008. The building NSX occupies has been sold and arrangements for new accommodation are yet to be finalised.

The property lease for the Melbourne premises is a non-cancellable lease with a three-year term, with rent payable monthly in advance. The lease commenced in November 2006.

NSX Limited has an agreement with OMX Technology to provide technology related services to enable the Economic Entity to operate a market for trading securities. The lease commenced on 31 July 2006 for a period of 10 years, with rental paid quarterly in advance. The amount of the lease agreement is subject to confidentiality clauses and cannot be disclosed.

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Notes to the Financial Statements For the Year Ended 30 June 2007

Consolidated		Parent	
2007	2006	2007	2006
\$	\$	\$	\$

Note 19 Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transaction with related parties:

(a) Director Related Entities

Mr Symon is a director of Symon Financial Services Pty Ltd. During the year Symon Financial Services Pty Ltd provided the BSX Group with furniture.

(2,624)	-	-	-
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Website redevelopment and internet services paid to director-related company - Adapt Information Technology Pty Ltd

(22,561)	-	-	-
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Rattoon Holdings Limited – a company listed on the NSXA market

19,235	7,875	-	-
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Trading fees paid by director-related company - Tonkin Scorer Menzies

-	665	-	-
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Nominated Advisor fees paid by director-related company - Whittens Solicitors

-	1,000	-	-
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(b) Beneficial Holdings

The direct, indirect and beneficial holding of directors and their director-related entities in the share and share options of the Economic Entity as at 30 June 2007 was:

Shares: 1,595,000 (2006: 1,500,000) fully paid ordinary shares

Shares: 750,000 (2006: NIL) partly paid shares

Share Options 375,000 (2006: 375,000)

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Notes to the Financial Statements For the Year Ended 30 June 2007

Consolidated		Parent	
2007	2006	2007	2006
\$	\$	\$	\$

Note 20 Cash Flow Information

(a) Reconciliation of Cash Flow from Operations with Profit after Income Tax

Net income/loss for the period	(3,296,686)	(754,082)	(148,604)	36,751
Cash flows excluded from profit attributable to operating activities				
Non-cash flows in profit				
Depreciation and amortisation	154,756	58,310	-	-
Net gain on disposal of property, plant and equipment	-	(145)	-	-
Write-downs of goodwill to recoverable amount	2,473,958	-	-	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries				
(Increase)/decrease in trade and term receivables	(15,397)	38,518	(2,851)	28,322
(Increase)/decrease in other assets	(9,167)	(6,240)	19,525	(19,525)
Increase/(decrease) in trade payables and accruals	(140,914)	173,853	(16,510)	145,704
Increase/(decrease) in provisions	654	8,670	-	-
Cashflow from operations	<u>(832,796)</u>	<u>(481,116)</u>	<u>(148,440)</u>	<u>191,252</u>

(b) Credit Standby Arrangement and Loan Facilities

The Economic Entity has a bank overdraft and commercial bill facility amounting to \$16,000 (2006: \$10,000). At 30 June 2007, \$NIL of this facility was used (2006: \$NIL). Interest rates are variable.

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Notes to the Financial Statements For the Year Ended 30 June 2007

Note 21 Key Management Personnel

(a) Key Management Personnel

Names and positions held of key management personnel in office at any time during the financial year are:

Key Management Person	Position
Michael Andrew Cox	Director - Executive
Ian Mansbridge	Chairman - Non Executive
Hugh Walter Robertson	Director - Non Executive
Richard Symon	CEO - Director - Executive, Appointed 9/10/06
Raymond Whitten	Chairman - Non-Executive, Resigned 7/3/06
F Mark Menzies	Company Secretary - Director - Non Executive Resigned 7/3/06
Paul Seymour	Director - Non Executive Resigned 7/3/06
Kelvin Clarke	Director - Non Executive Resigned 7/3/06
Dudley Chamberlian	Director - Non Executive Resigned 20/1/06
Scott Evans	General Manager, Company Secretary
Ian Craig	Companies Manager

(b) Key Management Personnel Compensation

2007	Short-term benefits		Post employment benefits	Other	Total
	Cash, salary & commissions	Non-cash Benefits	Super-annuation		
	\$000	\$000	\$000	\$000	\$000
Michael Andrew Cox	98	-	9	6	113
Ian Mansbridge	-	-	15	-	15
Hugh Walter Robertson	-	-	13	-	13
Richard Symon	168	-	15	3	186
Scott Evans	137	-	12	-	149
Ian Craig	139	-	12	-	151
	542	-	76	9	627

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Notes to the Financial Statements For the Year Ended 30 June 2007

Note 21 Key Management Personnel (Cont'd)

Key Management Personnel Compensation (Cont'd)

2006	Short-term benefits		Post employment benefits	Other \$000	Total \$000
	Cash, salary & commissions \$000	Non-cash Benefits \$000	Super-annuation \$000		
Michael Andrew Cox	132	-	6	8	146
Ian Mansbridge	8	-	1	-	9
Hugh Walter Robertson	-	-	-	-	-
Richard Symon	-	-	-	-	-
Scott Evans	138	-	12	-	150
Ian Craig	141	-	12	-	153
Raymond Whitten	74	-	-	22	96
Mark Menzies	23	-	2	2	27
Paul Seymour	23	-	2	1	26
Kelvin Clarke	20	-	5	-	25
Dudley Chamberlian	8	-	1	-	9
	<hr/> 567	<hr/> -	<hr/> 41	<hr/> 33	<hr/> 641

(c) Compensation Options

Options Granted As Compensation

There were no options granted as compensation during the financial year. For details of Option Holdings for Key Management Personnel, refer Note 21(e).

(d) Shares Issued on Exercise of Remuneration Options

There were no shares issued on the exercise of remuneration options during the financial year.

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Notes to the Financial Statements For the Year Ended 30 June 2007

Note 21 Key Management Personnel (Cont'd)

(e) Options and Rights Holdings

Number of Options Held by Key Management Personnel

	Balance 1/07/2006	Granted as Remuneration	Options Exercised	Net Change Other	Balance 30/06/2007
Michael Andrew Cox	375,000	-	-	-	375,000
Ian Mansbridge	-	-	-	-	-
Hugh Walter Robertson	-	-	-	-	-
Richard Symon	-	-	-	-	-
Scott Evans	80,000	-	-	-	80,000
Ian Craig	-	-	-	-	-
	<u>455,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>455,000</u>
				Total Exercisable	
Michael Andrew Cox					375,000
Ian Mansbridge					-
Hugh Walter Robertson					-
Richard Symon					-
Scott Evans					80,000
Ian Craig					-
					<u>455,000</u>

(f) Shareholdings

Number of Shares held by Key Management Personnel

	Balance 1/07/2006	Received as Remuneration	Options Exercised	Net Change Other*	Balance 30/06/2007
Michael Andrew Cox	1,000,000	-	-	50,000	1,050,000
Ian Mansbridge	-	-	-	10,000	10,000
Hugh Walter Robertson	500,000	-	-	-	500,000
Richard Symon	-	-	-	35,000	35,000
Scott Evans	5,000	-	-	-	5,000
Ian Craig	-	-	-	20,000	20,000
	<u>1,505,000</u>	<u>-</u>	<u>-</u>	<u>115,000</u>	<u>1,620,000</u>

* Net change other refers to shares purchased or sold during the financial year.

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Notes to the Financial Statements For the Year Ended 30 June 2007

Note 21 Key Management Personnel (Cont'd)

(g) Remuneration Practices

The board's policy for determining the nature and amount of compensation of key management for the Economic Entity is as follows:

The Directors' are allowed to claim reimbursement for expenses incurred when acting on behalf of the NSX. Directors' are allowed to claim remuneration approved by the Board of Directors as a member of the NSX Compliance Committee or Listing Committee. Approved by shareholders at the AGM of 20th December 2004, the remuneration pool for non-executive directors is \$200,000 per annum. Of this pool the Chairman receives \$56,000 per annum and each non-executive director receives \$48,000 per annum. During the period Directors started receiving a Director Fee from 1st April 2007. All fees are inclusive of 9% superannuation. Director's fees are comprised of a fixed component only.

Managing Director and CEO performance awards

Short Term Incentive Plan

The CEO is entitled to a Short Term Incentive (STI) Plan which is determined by the Board. The target award opportunity will be equivalent to 30% of annual base pay, with a maximum award opportunity equivalent to 150% of the target award. Awards under the STI Plan will be considered at the end of the financial year and will be based upon the satisfaction of performance hurdles over that financial year. These hurdles will be set by the Board and will relate to both the financial performance of the Company and non-financial measures. Awards under the STI Plan are at the discretion of the Board and there is no guarantee of either a payment being made or a payment being made at any particular level. STI Plan will not be considered for superannuation purposes.

Long Term Incentive Plan

The Long Term Incentive (LTI) Plan is in the form of equity instruments with a fair value (as determined by AASB2) equivalent to 30% of the CEO's Base salary. The final quantum and detailed plan design is to be determined by the Board and will require approval by shareholders. The timing of any awards under the LTI Plan depends upon legal and corporate governance considerations affecting the Company.

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Notes to the Financial Statements For the Year Ended 30 June 2007

Consolidated		Parent	
2007	2006	2007	2006
\$	\$	\$	\$

Note 22 Contingent Liabilities

Estimates of the maximum amounts of contingent liabilities that may become payable:

Bank Guarantee	<u>1,800,000</u>	<u>1,800,000</u>	-	-
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As part of the National Stock Exchange of Australia Limited's Australian Financial Markets Licence, NSX operates Investor Compensation Arrangements in accordance with Part 7.5 Division 3 of the Corporations Act 2001. The NSX is required to have in place minimum cover of \$800,000 to compensate investors. Of this amount a minimum of \$100,000 is sourced from the NSX Fidelity Fund and the remaining \$700,000 is in the form of a cash deposit provided by NSX Limited held as a letter of credit with Westpac Bank.

As part of the Bendigo Stock Exchange Limited's (BSX) Australian Financial Markets Licence, BSX operates Investor Compensation Arrangements in accordance with Part 7.5 Division 3 of the Corporations Act 2001. The BSX is required to have in place minimum cover of \$1,000,000 to compensate investors. This amount is supported by a bank guarantee provided by Bendigo Bank Limited and cash on deposit of \$1,000,000 with Bendigo Bank.

Note 23 Financial Instruments

(a) Financial Risk Management

The Economic Entity's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, and loans to and from subsidiaries.

The main purpose for non-derivative financial instruments is to raise finance for group operations.

The Economic Entity does not have any derivative financial instruments at the end of the financial year.

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Year Ended 30 June 2007

Note 23 Financial Instruments (Cont'd)

(b) Interest Rate Risk

The economic entity's exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate		Floating Interest Rate		Maturing within 1 Year		Non-interest Bearing		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	%	%	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets:										
Cash and cash equivalents	5.76	5.63	576,542	779,694	1,000,000	1,000,000	-	-	1,576,542	1,779,694
Commercial bills	6.31	5.99	-	-	8,500,000	9,315,000	-	-	8,500,000	9,315,000
Receivables	-	-	-	-	-	-	88,347	76,575	88,347	76,575
Total Financial Assets			576,542	779,694	9,500,000	10,315,000	88,347	76,575	10,164,889	11,171,269
Financial Liabilities:										
Payables	-	-	-	-	-	-	39,054	151,742	39,054	151,742
Finance lease liability	7.50	7.50	-	-	8	3,816	-	-	8	3,816
Total Financial Liabilities			-	-	8	3,816	39,054	151,742	39,062	155,558

(c) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The economic entity does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the economic entity.

(d) Net Fair Value

The net fair value of financial assets and financial liabilities approximates their carrying values as disclosed in the balance sheet and notes to the financial statements.

The aggregate net fair values and carrying amounts of financial assets are and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Year Ended 30 June 2007

Note 24 Segment Reporting

The economic entity operates in one business segment that being the financial services industry predominately in one geographical segment that being Australia.

Note 25 Fidelity Funds

As at 30 June 2007 the National Stock Exchange of Australia Limited Fidelity Fund had a balance of \$273,567 (2006 - \$241,782). The National Stock Exchange of Australia Limited is the trustee of the fund and the assets of the fund can only be used for the purposes prescribed in the Corporations Act 2001.

As at 30 June 2007 the Bendigo Stock Exchange Limited Fidelity Fund had a balance of \$33,641 (2006 - \$31,998). The Bendigo Stock Exchange Limited is the trustee of the fund and the assets of the fund can only be used for the purposes prescribed in the Corporations Act 2001.

Note 26 Reliance on Australian Stock Exchange Limited and OMX Group Limited Technology

The ability of the National Stock Exchange of Australia Limited to conduct its operations is heavily reliant upon the capacity and reliability of the trading and settlement systems, which are licensed to the Economic Entity by the Australia Stock Exchange Limited.

The ability of the Bendigo Stock Exchange Limited to conduct its operations is heavily reliant upon the capability and reliability of the trading and settlement systems, which are licensed to the Economic Entity by OMX Group Limited.

A significant and sustained failure of those systems would have a materially detrimental effect on the economic entity's short-term results, which in turn could undermine the longer term confidence in the Economic Entity.

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Year Ended 30 June 2007

Note 27 Events After the Balance Sheet Date

NSX Limited is currently in negotiations for the proposed acquisition of The Waterexchange Pty Ltd, Australia's largest independent water market operator. Both Boards have agreed to recommend to their respective shareholders the acquisition of The Waterexchange by NSX for a total of \$10.75 million, to be satisfied by the issues of 25 million NSX shares at 43 cents.

Note 28 Company Details

The registered office and principal place of business is:

NSX Limited
Ground Floor, Suite 3
384 Hunter Street
Newcastle NSW 2300

Note 29 Earnings per Share

(a) Reconciliation of Earnings to Loss

	Consolidated	
	2007	2006
	\$	\$
Loss for the year	(3,296,686)	(754,082)
Earnings used to calculate basic and diluted EPS	<u>(3,296,686)</u>	<u>(754,082)</u>

(b) Weighted average number of ordinary shares (diluted and basic):

Weighted average number of ordinary shares used in calculating basic earnings per share	<u>49,424,071</u>	49,424,071
Weighted average number of ordinary used in calculating dilutive EPS	<u>49,424,071</u>	49,424,071

NSX Limited

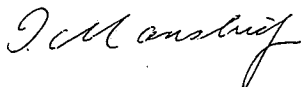
ABN: 33 089 447 058

Directors' Declaration

The directors of the Economic Entity declare that:


1. The financial statements and notes, as set in the income statement, balance sheet, statement of changes in equity, cash flow statement and notes to the financial statements, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at and of the performance for the year ended on that date of the Economic Entity and economic entity;
2. The Chief Executive Officer and Chief Financial Officer have each declared that:
 - (a) the financial records of the Economic Entity for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view.
3. In the directors opinion, there are reasonable grounds to believe that the Economic Entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Director

Ian Mansbridge



Director

Richard Symon

Dated 31 August 2007

Newcastle

**INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF NSX LIMITED**

Audit Opinion

In our opinion, the financial report of NSX Limited is in accordance with:

- (a) the Corporations Act 2001, including:
- (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements.

Scope

The financial report and directors' responsibility

The financial report comprises the income statement, balance sheet, statement of changes in equity, cash flow statement, accompanying notes to the financial statements, and the directors' declaration for NSX Limited (the company) and NSX Limited (the consolidated entity), for the year ended 30 June 2007. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control and the availability of persuasive rather than conclusive evidence. Therefore an audit cannot guarantee that all material misstatements have been detected.

Sydney

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**INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF NSX LIMITED**

Audit Approach (cont'd)

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- (a) examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- (b) assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.



LAWLER PARTNERS
Chartered Accountants

Newcastle

Date: 31 August 2007



TERENCE H LAWLER
Partner